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**TOWN OF DERMA, MISSISSIPPI**  
**COMPILATION REPORT**  
**AND REPORT ON AGREED UPON PROCEDURES**  
**YEAR ENDED SEPTEMBER 30, 2019**

Ronnie S. Windham CPA, PLLC  
P.O. Box 159  
Oxford, MS 38655

**TOWN OF DERMA**  
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# RONNIE S. WINDHAM, CPA, PLLC

P.O BOX 159, OXFORD, MS 38655 (662) 281-1091 cell (662) 816-2562 fax (662) 269-4457

Member  
American Institute of  
Certified Public Accountants

Member  
Mississippi State Society of  
Certified Public Accountants

Honorable Mayor and Board of Aldermen  
Town of Derma  
P. o. Box 95  
Derma, MS 38839

Management is responsible for the accompanying statement of cash receipts and disbursements of Town of Derma for the year ended September 30, 2019 in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the statement of cash receipts and disbursements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on the statement of cash receipts and disbursements.

The statement of cash receipts and disbursements is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from the cash basis transactions for the Town's governmental activities and business type activities are not reasonably determinable.

Management has elected to omit substantially all the disclosures ordinarily included in a financial statement prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subjected to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Management also has not presented management's discussion and analysis and other required supplemental information the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of the basic financial statements.

In accordance with the provisions of Section 21-35-31. Mississippi Code Annotated (1972), We have also issued a report dated July 30, 2020, on the results of our agreed-upon procedures.

*Ronnie S. Windham, CPA*

Ronnie S. Windham, CPA, PLLC  
Oxford, MS  
July 30, 2020

Town of Derma  
**Combined Statement of Cash Receipts & Disbursements**  
**(All Funds)**  
**For the Year Ended September 30, 2019**

	<u>Government al Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
	General	Water & Sewer	2018-2019
<b>Cash Receipts</b>			
<b>Taxes</b>			
General Property	95,932		95,932
Penalties	1,958		1,958
<b>Licenses &amp; Permits</b>			
Utility Franchise Tax	16,728		16,728
Licenses	396		396
<b>Fines and Forfeits</b>			
Fines and Forfeits	14,288		14,288
<b>Intergovernmental Receipts</b>			
Grants		40,200	40,200
<b>State Shared</b>			
Sales Tax	107,076		107,076
Fire Protection	26,302		26,302
Municipal Aid	3,457		3,457
Misc Income	1,096		1,096
<b>Enterprise Operations</b>			
Water & Sewer Rev	-	343,084	343,084
Sanitation	-	59,876	59,876
Interest	2,233	3,461	5,694
Loan Proceeds			-
Transfers	58,888	60,336	119,224
<b>Total Cash Receipts</b>	<u>328,354</u>	<u>506,957</u>	<u>835,311</u>

See accompanying notes and independent accountants' compilation report

Town of Derma  
Statement of Cash Receipts & Disbursements  
(All Funds)  
For the Year Ended September 30, 2019

	<u>Government al Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals</u>
<b>Cash Disbursements</b>			
<b>General</b>	77,730		77,730
<b>Public Safety</b>			
Police	85,273		85,273
Fire	36,961		36,961
Streets	24,839		24,839
<b>Recreation</b>			
Parks	-		-
<b>Enterprise</b>			
Water & Sewer		139,357	139,357
Sanitation	-	101,912	101,912
Interest		-	-
Operating Cash Disbursements	<u>224,803</u>	<u>241,269</u>	<u>466,072</u>
<b>Other Cash Disbursements</b>			
Interest		35,228	35,228
Principal Payments		14,463	14,463
Capital Expend		53,623	53,623
Transfers	<u>52,591</u>	<u>119,222</u>	<u>171,813</u>
Total Disbursements	<u>277,394</u>	<u>463,805</u>	<u>741,199</u>
<b>Excess (Deficiency) of Receipts     over disbursements</b>	50,960	43,152	94,112
Cash at Beginning of Year	<u>606,528</u>	<u>920,165</u>	<u>1,526,693</u>
Cash at End of Year	657,488	963,317	1,620,805

See accompanying notes and independent accountants' compilation report

**TOWN OF DERMA, MISSISSIPPI  
SCHEDULE OF INVESTMENTS- ALL FUNDS  
SEPTEMBER 30, 2019**

Governmental Fund Types	
Fire Fund-Certificate of Deposit	<u>\$16,893</u>
Total Governmental Fund Types	\$16,893
 Proprietary Fund Types	
Water Fund-Certificate of Deposit	<u>\$84,340</u>
Total Proprietary Fund Types	\$84,340

See accountants' compilation report



Schedule of Long Term Debt  
Year Ended September 30, 2019

Definition & Purpose	Balance 10/1/2018	Transaction Issued	During Year	Balance 9/30/2019
02-03-04, Rural Development	697,106		14,463	682,643
	<u>\$ 697,106</u>	<u>\$ -</u>	<u>\$ 14,463</u>	<u>\$ 682,643</u>

See accountants' compilation report

**Town of Derma**

<b>Name</b>	<b>Position</b>	<b>Surety</b>	<b>Bond Amount</b>
Dock Gabbert	Mayor	Western Surety Co	\$ 50,000.00
Shirley W. Herrod	Assistant Clerk	Western Surety Co	\$ 50,000.00
Joanna R. James	City Clerk	Western Surety Co	\$ 50,000.00
Joanna R. James	City Clerk & Water Bill Collector	Western Surety Co	\$ 50,000.00
Shane Childs	Deputy Clerk	Western Surety Co	\$ 50,000.00
Stephen Faddock	Chief of Police	Western Surety Co	\$ 50,000.00
Kenneth W. Scott, Jr	Policeman	Western Surety Co	\$ 50,000.00
Kenneth White	Policeman	Western Surety Co	\$ 50,000.00
Joseph Ezra Conner	Policeman	Western Surety Co	\$ 50,000.00
Barbara Ward	Policeman	Western Surety Co	\$ 50,000.00
Wayne Plunk	Policeman	Western Surety Co	\$ 50,000.00
Dean Poyner	Policeman	Western Surety Co	\$ 50,000.00
Jeremy Pounders	Policeman	Western Surety Co	\$ 50,000.00
David Martin	Alderman	Travelers	\$ 10,000.00
Albert G. Gibson Jr	Alderman	Travelers	\$ 10,000.00
Aretha Herrod	Alderman	Travelers	\$ 10,000.00
Howard Goodson	Alderman	Travelers	\$ 10,000.00
Kathryn Gibson	Alderman	Travelers	\$ 10,000.00

See accountants' compilation report

# **RSW RONNIE S. WINDHAM, CPA, PLLC**

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## **INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)**

July 30, 2020

Honorable Mayor Dock H. Gabbert  
Board of Aldermen  
Town of Derma  
Derma, Mississippi

We have applied certain agreed-upon procedures, as discussed below which were agreed to by Office of the State Auditor, to the accounting records of the Town of Derma, Mississippi, as of September 30, 2019, and for the year then ended, solely to assist Office of State Auditor in evaluating the Town of Derma, Mississippi's compliance with certain laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks or otherwise proved those bank balances. We verified that all investment transactions were in compliance with Section 21-33-323 Miss. Code Ann. (1972). No exceptions were noted.

<u>BANK</u>	<u>FUND</u>	<u>BALANCE</u>
Renasant	General	528,412
Renasant	General	726
Renasant	General	91,784
Renasant	General	171
Renasant	General	9
Renasant	General	0
Renasant	General	18,942
	Total General Cash	640,044
Renasant	Cert of Deposit	16,893
	Cash on Hand	550
	Total General	<u>657,487</u>
Renasant	Water & Sewer	661,855
Renasant	Water & Sewer	108,939

Renasant	Water & Sewer	12,465
Renasant	Water & Sewer	6,232
Renasant	Water & Sewer	6,232
Renasant	Water & Sewer	42,853
Renasant	Water & Sewer	40,200
	Total Water & Sewer	878,776
Renasant	Cert of Deposit	84,340
	Cash on Hand	200
	Total Water & Sewer	<u>963,116</u>

We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
- b. Examined uncollected taxes for proper handling, including tax sales;
- c. Traced distribution of taxes collected to proper funds; and
- d. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Section 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

Fire Protection	General	\$ 6,050
General Municipal Aid	General	511
Gasoline Tax	General	3,075
Homestead Exemption	General	12,101
TVA in Lieu of Taxes	General	5,016
Sales Tax	General	107,076
Public Safety Grant	General	4,328

We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items	30
Dollar Value of Sample	\$93,212

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. I also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.

We found the municipality to be in agreement with the requirements of the abovementioned sections.

We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused me to believe the items specified in paragraphs above should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statement in accordance with generally accepted auditing standards, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Derma, Mississippi, for the year ended September 30, 2019.



Ronnie S. Windham, CPA, PLLC  
July 30, 2020



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## ACCOUNTANTS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor and Board of Alderman  
Town of Derma  
Derma, MS

We have compiled the accompanying Statement of Cash Receipts and Disbursements-all fund types of the Town of Derma, Mississippi, for the year ended September 30, 2019, and have issued our report dated July 30, 2020. We conducted our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Guide that is prescribed by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is to express an opinion on the town's compliance with these requirements. Accordingly, we do not express an opinion.

The results of those procedures and our compilation of the cash receipts and disbursements disclosed no material instances noncompliance of state laws and regulations.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Ronnie S. Windham, CPA, PLLC  
Oxford, MS  
July 30, 2020